

Message Text

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12

ACTION EB-07

INFO OCT-01 EA-06 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

INR-07 NSAE-00 FAA-00 L-02 PA-01 PRS-01 USIA-06 ISO-00

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R 172300Z FEB 75

FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 2600

INFO AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: EAIR, AS

SUBJECT: CIVAIR: INCREASE IN AIRLINE TERMINAL RENTALS

1. SUMMARY: AUSTRALIAN DEPARTMENT OF TRANSPORT NOTIFIED DOMESTIC AND INTERNATIONAL AIRLINES THAT RENTAL INCREASES OF UP TO 2,600 PER CENT WOULD BE LIVIED FOR USE OF TERMINAL, GROUND, HANGER AND STANDING AREA FACILITIES. FULL NEWSPAPER ACCOUNTS WERE FORWARDED TO DEPARTMENT VIA AIR POUCH UNDER TRANSMITTAL SLIP ON FEBRUARY 7. THIS TELEGRAM DESCRIBED INCREASES' EFFECT UPON PAN AM'S OPERATIONS. END SUMMARY.

2. PAN AM HAS RECEIVED DOT LETTER ADVISING IT OF RENTAL INCREASES FOR AREAS IT LEASES IN SSYDNEY AND MELBOURNE INTERNATIONAL TERMINAL BUILDINGS EFFECTIVE MARCH 1. SYDNEY ANNUAL RENTAL WILL JUMP FROM PRESENT US\$59,395 TO US\$369,684, OR AN INCREASE OF 522 PER CENT. IN MELBOURNE, INCREASE IS FROM US\$49,621 TO US\$54,265, OR AN INCREASE OF 9.3 PER CENT.

3. INCREASES FOR ALL INTERNATIONAL AND DOMESTIC CARRIERS HAVE RANGED FROM 500 TO 2,000 PER CENT. QANTAS' INCREASE IS TEN TIMES ITS PRESENT RENTAL. DOT LETTER CARRIED NO DETAILS AS TO HOW THE AMOUNTS WERE DETERMINED. PRESUMPTION, WHICH SEEMS ACCURATE, IS THAT CHARGES BASED ONLY ON RECOVERY OF COSTS IN OPERATING

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TERMINALS AND IS DETERMINED BY THE NUMBER OF PASSENGERS

AND FREQUENCY OF OPERATION OF EACH AIRLINE.

4. PAN AM, IN COOPERATION WITH OTHER AIRLINES, IS PROTESTING ACTION, REQUESTING DOT FOR DETAILS AND PLANNING JOINT COUNTER-ACTION. ITS PROTEST INCLUDES MENTION THAT IT INVESTED ITS OWN FUNDS IN THE CONSTRUCTION OF MUCH OF ITS AIRPORT FACILITIES AT THE REQUEST OF ATG WHOSE OWN LACK OF FINANCE AT THE TIME OF AIRPORT CONSTRUCTION FORCED THIS METHOD ON PAA. PAN AM, THEREFORE, EXPECTED A REASONABLE RENTAL STABILITY FOR AT LEAST FIFTEEN YEARS DUE TO THEIR COBUILDER STATUS.

5. COMMENT: MINISTER JONES HAS WARNED FOR SOME TIME THAT THE AIRLINES WOULD BE SUBJECTED TO HIGHER RENTALS FOR THEIR FACILITIES, BUT NO ONE EXPECTED THIS MASSIVE INCREASE. ALL OPERATORS HAVE PROTESTED VEHEMENTLY AND JONES HAS AGAIN COME IN FOR HEAVY CRITICISM FOR HIS HANDLING OF CIVIL AVIATION. JOHN STACKHOUSE, IN THE AUSTRALIAN FINANCIAL REVIEW ON FEBRUARY 12 SAYS "THE LABOR GOVERNMENT'S AVIATION POLICY HAS BECOME ONE OF ITS MOST NOTABLE FAILURES". THERE IS NO DOUBT THAT IF THIS RECOVERY POLICY IS ENFORCED THAT THERE WILL BE SERIOUS REPERCUSSIONS. THE GOVERNMENT OF NEW ZEALAND, FOR ONE, IS REPORTED TO HAVE STRONGLY PROTESTED THE 2,000 PER CENT INCREASE OF ITS FACILITIES IN SYDNEY AND MELBOURNE. THERE HAS BEEN NO PUBLIC RESPONSE FROM EITHER THE MINISTER OR THE DEPARTMENT SINCE THE STORM BROKE.

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